

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

In re:)	Case No. 21-61491
)	
SQUIRRELS RESEARCH LABS, LLC,)	Chapter 11
)	
)	
Debtor.)	Judge Russ Kendig
)	
)	

MOTION FOR RELIEF FROM STAY

Envista Forensics, LLC d/b/a AREPA (the “Movant”), by and through undersigned counsel, hereby moves this Court (the “Motion”), pursuant to section 362(d) of Title 11 of the United States Code (the “Bankruptcy Code”), Federal Rule of Bankruptcy Procedure 4001, and Local Rule 4001-1 for an order lifting the automatic stay imposed by section 362(a) of the Bankruptcy Code for the purpose of permitting Movant to be paid from insurance reserves held by Cincinnati Insurance. **As the local forms (including the Worksheet) do not address the circumstances described below, this Motion deviates from the local forms in use by the Court.**

FACTS

1. On November 23, 2021 (the “Petition Date”), both Squirrels Research Labs, LLC and Midwest Data Company, LLC (each a “Debtor” and collectively the “Debtors”) filed petitions for relief under chapter 11 of the Bankruptcy Code.

2. According to the Declaration in Support of First Day Pleadings filed in these Cases, on the night of July 15, 2021, a fire at the Debtor’s business location interrupted business operations and caused significant damage to ... production equipment, work-in-progress, finished goods inventory and also certain customer-owned equipment...”

3. Upon the recommendation of its insurance provider, on July 21, 2021, the Debtor engaged Movant to provide Emergency Equipment Restoration Services as provided for in the Agreement attached as Exhibit A. Exhibit A also contains an authorization and direction from the Debtor for Cincinnati Insurance to pay Movant directly for the equipment decontamination.

4. On August 21, 2021, upon completion of the equipment decontamination, the Debtor provided a certificate of completion to Movant which is attached hereto as Exhibit B.

5. On September 22, 2021, Movant issued an invoice for its services in the total amount of **\$679,638.92**. A copy of the invoice is attached as Exhibit C.

6. The filing of these Cases have purportedly prevented Cincinnati Insurance from paying Movant directly absent relief from the automatic stay from this Court.

7. Movant is not scheduled as a creditor in these Cases and accordingly Movant hereby seeks relief from stay to be paid by Cincinnati Insurance.

LEGAL BASIS

8. Section 362(a) of the Bankruptcy Code defines the scope of the automatic stay and provides, in pertinent part: “[A] petition filed under... this title... operates as a stay... of—
(1) The commencement or continuation of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title; 11 U.S.C. § 362(a)(1).

9. Section 362(d) of the Bankruptcy Code provides, in pertinent part: (d) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying

or conditioning such stay – (1) for cause.... 11 U.S.C. § 362(d)(1).

10. Movant wishes at this time to proceed with obtaining payment from the Debtors' insurance carrier through currently available insurance proceeds.

11. Courts generally have analyzed two factors in determining whether insurance proceeds are property of the debtor's estate: (i) whether 'the debtor's estate is worth more with them then without them,' and (ii) 'whether the debtor would have a right to receive and keep those proceeds when the insurer paid on a claim.'” *In re Arter & Hadden, L.L.P.*, 335 B.R. 666, 671-72 (Bankr. N.D. Ohio 2005) (internal quotations omitted).

12. Here, the Debtors do not have a significant interest protected by the automatic stay in the proceeds of applicable liability insurance. The Debtors do not have any equity in any insurance proceeds, and they are, accordingly, not necessary for an effective reorganization. Therefore, the Movant is entitled to relief from the automatic stay pursuant to Section 362(a)(2) of the Bankruptcy Code.

12. Additionally, the Court has discretion to grant the requested relief pursuant to Section 362(d)(1) where appropriate “cause” exists. Here, Movant is not scheduled as a creditor of the Debtors as the intent was for Movant to be paid directly by Cincinnati Insurance.

CONCLUSION

13. WHEREFORE, Movant requests that the Court grant it relief from the automatic stay to permit it to be paid from insurance reserves held by Cincinnati Insurance and for such other and further relief as is just and proper.

Respectfully submitted,

/s/ David M. Neumann

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served this 4th day of January 2022 via the Court's electronic filing system upon the following:

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